'Another Blunder'

Martin Angry, Amazed

Health Minister Eric Martin last night said removal of income tax deductions for full hospital charges was "another financial blunder by the federal government, reaching deep into the taxpayer's pocket."

The minister said he was astonished and "a little angry" at the move to stop people from claiming full hospital charges and limiting deductions to $1 a day for public ward patients.

Formerly public ward patients could claim full charges including BCHIS, amounting to $16.75 daily at St. Joseph's Hospital and $16.95 daily at Royal Jubilee Hospital.

"My reaction is one of astonishment," said Mr. Martin, "that the federal government would take away from the people something gained rightfully under income tax regulations years ago.

"The present federal government has become the most expensive in our history outside of wartime. I'm sure a great many people who incur hospital bills will feel as astonished as I do, and like me a little angry."

George Masters, administrator of Royal Jubilee Hospital, said he believes it's no longer necessary to have income tax deductions for hospital charges when the federal government is contributing to hospital costs.

"I've been expecting something like this ever since the federal government moved into the field of hospital support," said Mr. Masters.

He said in the past many patients who stay more than two weeks in hospital were "actually able to make money" on income tax deductions for the full charge.

Dr. E. N. Boettcher, administrator of St. Joseph's Hospital, said for this very reason the removal of exemptions was going to cause hardship to many patients.

"While the federal government's act seems to be based on sound theory, it is going to cause a pinch on a lot of people for whom the deductions meant some relief for loss of earnings and extra costs of a prolonged illness," Dr. Boettcher said.

Where Money Goes...

OTTAWA (UPI) — Here's what the federal government is going to do with your 1959-60 dollar:

National defence, 30 cents; interest and service of the public debt, 12 cents; family allowance, nine cents; payments to provinces, eight cents; contributions to provincial hospital plans three cents; general health grants and other social services, three cents; veterans affairs department, five cents; transport department, five cents; public works, four cents; agriculture, two cents; post office, three cents; collecting taxes, one cent; external affairs, one cent; northern affairs and natural resources, two cents national research council and atomic energy, one cent; all others, 11 cents.

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Where Ottawa Gets It

And here's where the government gets its 1959-60 tax dollar:

Personal income tax, 30 cents, corporation income tax, 21 cents sales tax, 14 cents; customs duties on imports, 10 cents; tax on alcoholic and liquor products, 10 cents; other excise taxes, two cents; other taxes, three cents; non-tax revenue, 10 cents.

FINANCE MINISTER FLEMING
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'Strong Pressures Disturbing'

Rise in European Tariffs Could Split NATO—Fleming

OTTAWA (CP) — Finance Minister Fleming expressed fear that a possible rise in European tariffs may tend to split the North Atlantic alliance.

He welcomed some aspects of the six-country Common Market in Western Europe, particularly its evidence of European solidarity and steps taken to apply initial tariff reductions to all member countries of the General Agreement on Tariffs and Trade.

"But," he added, "there seems to be strong pressures within the (European) community to increase discrimination against the outside world in the field of trade quotas."

"This, together with the possibility of higher European tariffs at a later date, is seriously disturbing to other members of the North Atlantic Community and could exercise a decisive influence within the alliance."

Serious Danger

Huge Deficit Risk Too Great—Fleming

OTTAWA (CP) — Finance Minister Fleming said Thursday night Canada could not risk such a large deficit as last year's $616,600,000.

He gave this as one of his main reasons for his "moderate"—Mr. Fleming's word—tax increases, intended to reduce the deficit to $393,000,000 this year.

"If, under the greatly-improved prospects of today, we were to continue to run deficits on the same scale as last year, we would . . . run serious risks of building up an inflationary potential which could prove most difficult to keep under control a year or so hence."

Steps toward a smaller deficit were also desirable to reduce the heavy interest-increasing pressure of new federal borrowings on the bond market.

Budget 'Won't Help Recession'

'Inflationary'—Bonner

Attorney-General Robert Bonner of British Columbia Thursday night termed Finance Minister Fleming's federal budget "inflationary."

Mr. Bonner said "tax increases, together with government spending at today's unprecented levels are unfortunately inflationary and they really won't contribute toward business recovery in the present recession, whatever they do for the national government's budget."

Mr. Bonner spoke in absence of Premier W. A. C. Bennett.

The attorney-general said, "the public of course knows that the only way to reduce taxes is to reduce government spending and this should be the focal point of debate on Mr. Fleming's speech."

Mr. Bonner, also B.C.'s trade and industry minister, added:

"Business and the individual look at their take-home pay or profit after taxes. If taxes go up they are going to want to find extra money in prices or wage increases."

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B.C. Political Leaders Give Mixed Reception

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Robert Strachan, B.C. CCF leader, said the federal minister failed to relate his actions with any over-all policy on the economy in general.

"He calls this a recovery budget. Well, he recognizes the fact that we're in a recession. But he gives no indication of what's going to happen . . ."

Deane Finlayson, provincial Conservative leader, said, "The budget is much in line with what I expected. More revenue was obviously needed to provide increased services and increased security."

Arthur Laing, B.C. Liberal leader, called the budget "shockingly severe."

"Mr. Fleming has to restore the value of Canadian bonds. It is hoped that these severe taxes will be collected from those best able to pay."

At Penticton, W. Gordon Wight, president of B.C. Tree Fruits Ltd., hailed news of tariff protection for fruit growers as "the most important news we've had for some time."

All-Out Battle In the Cards

OTTAWA (UPI) — Canadians figured out their higher tax bills today while the opposition in Parliament geared for an all-out attack on Finance Minister Fleming's "half way" budget.

The budget which Mr. Fleming brought down last night marked the first time since the Korean War that the government has asked the taxpayers to dig deeper into their pockets.

ALL IN NONE

"Half way" appeared the most apt description of the program. The dapper finance minister went part of the way in a number of directions, but all of the way in none.

The tax boosts, totalling $245,000,000 in the remainder of the current year, were applied to a number of fields, including personal and corporation income. They were spread almost evenly, however, tapping no source to any large degree.

SAME STORY

The same story applied as far as federal financing was concerned. Mr. Fleming moved away from large-scale deficit financing but did not run the whole route to a balanced budget.

The need to bring the budget more in line, along with the necessity of raising additional revenue for old-age pensions and hospital insurance payments, lay behind the tax increases, Mr. Fleming told the Commons. Without the increases, he said, the deficit would have been $680,000,000.

The opposition will wait until next week before taking a real crack at the minister and his proposals. An eight-day budget debate starts Monday.

Last year over 80 cancer research projects were supported by the National Cancer Institute of Canada which is affiliated with the Canadian Cancer Society.

MPs Play Hookey For Hockey

OTTAWA (UPI) — Some members of Parliament apparently were more interested in the outcome of last night's Toronto Maple Leafs - Montreal Canadiens' hockey game than in Finance Minister Donald Fleming's budget.

Only 183 of the 263 members were in their seats to hear Fleming deliver his lengthy speech but there wasn't an empty seat in the public galleries.

When Rates Will Change

OTTAWA (CP) — Effective dates of tax, tariff and other changes in the federal budget:

Jan. 1, 1959—Increased corporation tax for old-age security; general tax increase on corporation profits above $25,000; amounts paid by governments not to be claimed as deductions for medical expenses.

Today — Higher taxes and duties on cigarets, cigars and spirits; tariff changes; sales tax increase for old-age security.

July 1—Tax increase on taxable personal income above $3,000; increase in old-age security tax on individuals.

'Roosting Chicken Budget'

TORONTO (CP)—Ian F. McRae, president of the Canadian Manufacturers' Association, Thursday night termed the federal budget "a roosting chickens' budget."

Mr. McRae added:

"The chickens of excessive government spending have come home to roost tonight—as indeed they were bound to. But, unwelcome as the tax increases are, they may do some good if they remind the average Canadian of the simple economic fact that as a government spends so must it tax and so must the citizen pay."

Mr. McRae said there is some comfort to be reflected in government policies in the year ahead and that the increased taxes will not be used simply to generate even heavier government spending.

"Inflation continues to be a very real menace and it will not be contained unless government itself provides both the necessary leadership and example.

"To sum up, the tax increases are stiff but not brutal and the budget proposals as a whole, though regrettable, are not, in the circumstances, altogether surprising."

Tariffs May Boost Prices of Produce

OTTAWA (CP)—Tariffs on a number of fruits and vegetables were raised Thursday night and officials said this may mean higher prices for consumers in some parts of the year.

However, Finance Minister Fleming also announced a few compensating tariff reductions so that, on balance, the over-all price rise will be only slight.

Main aim of the fruit-and-vegetable boosts is to help Canadian growers during the Canadian production season.

At the same time Mr. Fleming announced he will negotiate tariff changes with other countries on cotton yarns and fabrics to carry out tariff board recommendations giving the Canadian industry some increased protection.

He also announced that in line with a previous pledge, the margin of preference on British wool cloth has been restored by boosting rates on non-Commonwealth imports, particularly from Italy and France. Canada boosted rates on British wool cloth last year.

The tariff on potatoes of 37½ cents a hundredweight now will prevail the year round. Previously imports were free in the Jan. 1-June 14 period.

Canada's seasonal duty on peaches of 1½ cents a pound will be in force for 14 weeks a year, up from the previous nine. The Canadian rate of three-eighths of a cent a pound on apples will be reduced to one-quarter of a cent a pound, but will also apply the year round. Previously apples were duty-free for an annual 10-week period.

During the Canadian production season, rates will be increased or the existing higher seasonal tariff extended over a longer period — or both — for the following products:

Asparagus, Brussels sprouts, cabbage, carrots, cauliflower, celery, corn-on-the-cob, cucumbers, lettuce, onions, peppers, parsnips, apricots, sour cherries, pears and prunes.

An added duty of five per cent will be borne by these products shipped during the Canadian production season in consumer-type packages: green beans, Brussels sprouts, carrots, beets, cauliflower, lettuce, peas, parsnips and corn-on-the cob.

Partly in compensation for the rises, the usual 10-per-cent out-of-season rate will be eliminated for beans, cabbage, carrots, cauliflower, celery, lettuce, peppers, tomatoes, cantaloupes, pears, plums and strawberries.

So, in general, consumers may find some winter imports a little lower in price because of concessions while usual low summertime prices may be a little higher because of higher protection.

Rates on canned and frozen asparagus, Brussels sprouts, apricots, cherries, peaches and prunes also are raised slightly.

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Local Farmers Hail Tariff News

Local fruit and vegetable growers and wholesale distributors last night lauded Finance Minister Fleming's announcement in Ottawa that tariffs will be raised on imported fruits and vegetables.

The tariff was raised to protect Canadian growers during their production season, and although summer prices may be a little higher to consumers, the latter will be compensated by elimination of a former 10 per cent tariff on out-of-season produce coming in.

BACK IN BUSINESS

A Saanich Peninsula grower said the tariff increase would "put him back in business' and a distributor said the tariff-free out-of-season produce will keep the cost of living from rising.

William Mattick of 5273 Cordova Bay, member of the Saanich Fruit Growers' Association and the Vancouver Island Vegetable Co-operative Association, said he had cut his crops from 350 acres down to 40 acres during the past four or five years "because I couldn't stand up against American 'dumping'."

He said he used to ship between 10 and 14 railroad carloads of produce annually to the Prairies until he could no longer compete with the Americans. Most of his land is now unused.

"Canadian farmers cannot compete with their mass production. They've got surplus production down there and they've been dumping it in Canada," he said.

"As soon as the government gives us some protection, I'm ready to go back to large acreage."

HELP TO FARMER

Alan Barker, manager of the Island Vegetable Co-operative Association, said the new tariff "certainly will be a help to the Canadian farmer."

His personal opinion was that a tariff will help the situation, but that an embargo is the only real solution.

"I'd say that's a true protective tariff and shouldn't raise the cost of living," G. R. Pears, manager of A. P. Slade Ltd., summed up.

EVERYONE BENEFITS

The consumer, as well as the farmer, would benefit from the new system, he said, because "about three-quarters of the merchandise we import, at the time we import it, would not be available in Canada."

Still Lower Than Before

OTTAWA (UPI)—Finance Minister Fleming stressed last night that, even with the new increases, Canadians with taxable income of $7,800 or less will be paying lower taxes than they were when the Conservative government took office in 1957. In his main budget of last June and his "baby budget" of December, 1957, Mr. Fleming cut taxes.

Long Dry Talk

OTTAWA (CP) — Finance Minister Fleming performed a marathon feat Thursday night—he spoke for one hour and 48 minutes without taking a drink.

Mr. Fleming started his budget speech at 8.06 p.m. and completed it at 9.54. He appeared to become slightly hoarse about 9.30 but recovered, delivering the last part of the speech as forcibly as the first.

He also delivered his 1958-59 budget last June 17 without taking a drink. For a second year not even a glass of water was on his desk.

Won't Pay Twice

OTTAWA (CP) — People collecting under government-financed hospital insurance can't have it both ways, Finance Minister Fleming said last night.

Effective last Jan. 1, medical expenses paid by a federal-provincial hospital insurance plan can't be used as an income tax deduction.

Only expenses covered by private payments or insurance schemes can be so deducted.

Explained Mr. Fleming:

"It would be quite anomalous to allow income tax deductions to individuals for hospital care received at government expense now that the federal government is financing a very substantial proportion of hospital costs.

"The federal treasury should not be in the position of paying twice, once in terms of expenditure and again in terms of taxes foregone."

Cut Competition

Protect Butter Tory MP Asks

OTTAWA (CP)—A Quebec Progressive Conservative has proposed increased tariff protection to make butter more competitive with margarine.

Noel Dorion (PC, Bellechasse) said in a Commons agriculture debate Thursday that butter producers are being seriously prejudiced by sharp boosts in the output of margarine.

Production of margarine in Canada in 1958 rose to the "fantastic" figures of 145,598,000 pounds, he said.

Margarine was produced with imported vegetable oils, he said, and the time had come to limit imports of these oils by higher tariffs.

Budget Designed As 'Safeguard'

OTTAWA (UPI)—Finance Minister Fleming described his budget as designed to "safeguard the credit of the country, the soundness of our currency, the development of our resource and the security of our economic future."

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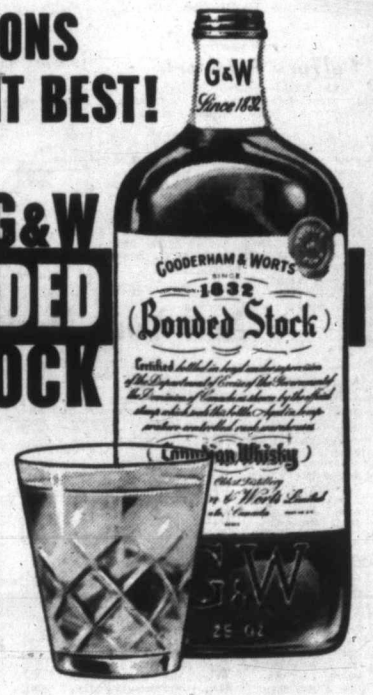

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